

Commissioner was criticised by the Auditing Committee. The transfer of said securities was made as follows: At the time of depositing them there would be made out a detailed descriptive list of the securities, to which was attached a transfer as follows:

"This agreement, made and entered into this the of, A. D. 190..., by and between the Insurance Company of, N. C., of the first part, and J. R. Young, Insurance Commissioner, and his successors in office, of the second part, witnesseth:

"That said party of first part, the Insurance Company, has this day transferred to said party of second part, J. R. Young, Insurance Commissioner, and his successors in office, the securities represented in the attached list, and does hereby assign and transfer each and every one of said securities to said Insurance Commissioner, with full power to take, hold, collect, assign and use said securities for the benefit of the policy holders of said Insurance Company, and in their stead to do each and every act and power legal for said company as the original holder of said securities to do."

We think such transfer was sufficient. However, in each instance, the attention of the insurance companies having been called thereto, transfers acceptable to the Auditing Committee were procured before they filed their report, although deemed by the Insurance Commissioner unnecessary under the law.

The Auditing Committee make the following report as to the record of securities deposited with the Insurance Commissioner:

"We further find that, under section 4784, Revisal of North Carolina, the Insurance Commissioner is required to keep a careful record of all the securities deposited by each company. We regret to say that this section of the law has not been followed at all. We find that there is on deposit in the office of the Insurance Commissioner securities aggregating \$1,000,000, and the only record (if it can be termed record) which the Insurance Commissioner has of them is a small book which he carries in his vest pocket, and upon which some of the securities appear, all of which are written in lead pencil." We find that the records as to these securities are kept in the following manner: As an insurance company makes a deposit with the Insurance Commissioner it furnishes him with a duplicate record of each security, one of which is receipted by the commissioner and returned to the company, and the other is kept by the commissioner in his safe in his office. The securities are properly labeled, bundled and deposited in safety boxes in the vault of a bank in the city of Raleigh, the commissioner having no vault or safety box in his department. The commissioner, in addition to these records, has been keeping a record in a book 4 x 7 inches, containing 180 pages of good paper and durably bound. The entries in this book have been made in pencil. This size book has been adopted because the commissioner thought it desirable to keep it locked in the vault in his safe, and a large one could not be kept in that way. Many of the entries in